

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W

W-01979A  
WATCO, INC.  
PO BOX 1270  
SHOW LOW, AZ 85902

**ANNUAL REPORT**  
**WATER**

**FOR YEAR ENDING**

12	31	2009
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FOR COMMISSION USE

ANN 04	09
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PROCESSED BY:

4-26-10

SCANNED

## COMPANY INFORMATION

**Company Name (Business Name)** WATCO, INC.

**Mailing Address** PO BOX 1270  
(Street)

SHOW LOW

(City)

AZ

(State)

85902

(Zip)

(928) 537-8739

Telephone No. (Include Area Code)

(928) 537-1245

Fax No. (Include Area Code)

(928) 368-3197

Cell No. (Include Area Code)

**Email**

**Address** WATERCOS@GMAIL.COM

**Local Office Mailing Address** SAME AS ABOVE

(Street)

N/A

(City)

N/A

(State)

N/A

(Zip)

N/A

Local Office Telephone No. (Include Area Code)

N/A

Fax No. (Include Area Code)

N/A

Cell No. (Include Area Code)

**Email Address** N/A

## MANAGEMENT INFORMATION

**Management Contact:** THOMAS GRAPP GENERAL MANAGER  
(Name) (Title)

PO BOX 1270

(Street)

SHOW LOW

(City)

AZ

(State)

85902

(Zip)

(928) 537-8739

Telephone No. (Include Area Code)

(928) 537-1245

Fax No. (Include Area Code)

N/A

Cell No. (Include Area Code)

**Email**

**Address** WATERCOS@GMAIL.COM

**On Site Manager:** SAME AS ABOVE

(Name)

N/A

(Street)

N/A

(City)

N/A

(State)

N/A

(Zip)

N/A

Telephone No. (Include Area Code)

N/A

Fax No. (Include Area Code)

N/A

Cell No. (Include Area Code)

**Email Address** N/A

**Statutory Agent:** MARK GRAPP

(Name)

340A NORTH 9<sup>TH</sup> STREET

(Street)

SHOW LOW

(City)

AZ

(State)

85901

(Zip)

(928) 537-8739

Telephone No. (Include Area Code)

(928) 537-1245

Fax No. (Include Area Code)

N/A

Cell No. (Include Area Code)

**Attorney:** N/A

(Name)

N/A

(Street)

N/A

(City)

N/A

(State)

N/A

(Zip)

N/A

Telephone No. (Include Area Code)

N/A

Fax No. (Include Area Code)

N/A

Cell No. (Include Area Code)

**Email**

**Address** N/A

### **OWNERSHIP INFORMATION**

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### **COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☒ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	1,542	0	1,542
302	Franchises	7	0	7
303	Land and Land Rights	27,094	0	27,094
304	Structures and Improvements	67,850	11,681	56,169
307	Wells and Springs	48,807	22,611	26,196
311	Pumping Equipment	44,078	24,263	19,815
320	Water Treatment Equipment	0	0	0
330	Distribution Reservoirs and Standpipes	137,269	50,565	86,704
331	Transmission and Distribution Mains	1,619,869	384,375	1,235,494
333	Services	238,629	66,190	172,439
334	Meters and Meter Installations	26,172	24,836	1,336
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	0	0	0
340	Office Furniture and Equipment	0	0	0
341	Transportation Equipment	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	0	0	0
346	Communication Equipment	0	0	0
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	<b>TOTALS</b>	<b>2,211,317</b>	<b>584,521</b>	<b>1,626,796</b>

This amount goes on the Balance Sheet Acct. No. 108 

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	1,542	0	0
302	Franchises	7	0	0
303	Land and Land Rights	27,094	0	0
304	Structures and Improvements	67,850	3.33	2,259
307	Wells and Springs	48,807	3.33	1,625
311	Pumping Equipment	44,078	12.5	5,510
320	Water Treatment Equipment	0	0	0
330	Distribution Reservoirs and Standpipes	137,269	5	6,863
331	Transmission and Distribution Mains	1,619,869	2	32,397
333	Services	238,629	3.33	7,946
334	Meters and Meter Installations	26,172	8.33	2,180
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	0	0	0
340	Office Furniture and Equipment	0	0	0
341	Transportation Equipment	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	0	0	0
346	Communication Equipment	0	0	0
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	<b>TOTALS</b>	<b>2,211,317</b>	<b>N/A</b>	<b>58,780</b>

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
 Acct. No. 403.

**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$0	\$0
134	Working Funds	2,884	(149)
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	16,108	13,490
146	Notes/Receivables from Associated Companies	0	0
151	Plant Material and Supplies	0	0
162	Prepayments	0	1,995
174	Miscellaneous Current and Accrued Assets	0	0
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$18,992</b>	<b>\$15,336</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$2,211,249	\$2,211,317
103	Property Held for Future Use	0	0
105	Construction Work in Progress	0	0
108	Accumulated Depreciation – Utility Plant	525,741	584,521
121	Non-Utility Property	0	0
122	Accumulated Depreciation – Non Utility	0	0
	<b>TOTAL FIXED ASSETS</b>	<b>\$1,685,508</b>	<b>\$1,626,796</b>
	<b>TOTAL ASSETS</b>	<b>\$1,704,500</b>	<b>\$1,642,132</b>

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$1,089	\$0
232	Notes Payable (Current Portion)	0	14,643
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	20,792	13,330
236	Accrued Taxes	0	0
237	Accrued Interest	5,502	5,922
241	Miscellaneous Current and Accrued Liabilities	0	0
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$27,383</b>	<b>\$33,895</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$63,671	\$47,190
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$0	\$0
252	Advances in Aid of Construction	1,610,928	1,610,928
255	Accumulated Deferred Investment Tax Credits	0	0
271	Contributions in Aid of Construction	0	0
272	Less: Amortization of Contributions	0	0
281	Accumulated Deferred Income Tax	0	0
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$1,610,928</b>	<b>\$1,610,928</b>
	<b>TOTAL LIABILITIES</b>	<b>\$1,701,982</b>	<b>\$1,692,013</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$0	\$0
211	Paid in Capital in Excess of Par Value	0	0
215	Retained Earnings	2,518	(49,881)
218	Proprietary Capital (Sole Props and Partnerships)	0	0
	<b>TOTAL CAPITAL</b>	<b>\$2,518</b>	<b>\$(49,881)</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$1,704,500</b>	<b>\$1,642,132</b>

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$150,067	\$154,270
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	899	695
	<b>TOTAL REVENUES</b>	<b>\$150,966</b>	<b>\$154,965</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$73,132	\$74,562
610	Purchased Water	0	0
615	Purchased Power	12,765	11,849
618	Chemicals	0	0
620	Repairs and Maintenance	6,546	3,406
621	Office Supplies and Expense	9,288	7,812
630	Outside Services	12,097	3,469
635	Water Testing	1,400	4,098
641	Rents	5,473	9,949
650	Transportation Expenses	13,787	9,931
657	Insurance – General Liability	3,434	1,995
659	Insurance - Health and Life	0	0
666	Regulatory Commission Expense – Rate Case	0	0
675	Miscellaneous Expense	1,948	268
403	Depreciation Expense	58,774	58,780
408	Taxes Other Than Income	8,786	8,728
408.11	Property Taxes	2,975	3,226
409	Income Tax	0	0
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$210,405</b>	<b>\$198,073</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$(59,439)</b>	<b>\$(43,108)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	2,500	0
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	(152)	(1,292)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$2,348</b>	<b>\$(1,292)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$(57,091)</b>	<b>\$(44,400)</b>



**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	06-26-2008	N/A	N/A	N/A
Source of Loan	WIFA	N/A	N/A	N/A
ACC Decision No.	70055	N/A	N/A	N/A
Reason for Loan	SYSTEM INFRASTRUCTURE	N/A	N/A	N/A
Dollar Amount Issued	\$ 63,670.91	N/A	N/A	N/A
Amount Outstanding	\$61,833	N/A	N/A	N/A
Date of Maturity	06-26-2028	N/A	N/A	N/A
Interest Rate	4.9%	N/A	N/A	N/A
Current Year Interest	\$1,092	N/A	N/A	N/A
Current Year Principle	\$1,838	N/A	N/A	N/A

Meter Deposit Balance at Test Year End	<u>\$2,141</u>
Meter Deposits Refunded During the Test Year	<u>\$709</u>

**COMPANY NAME**    **WATCO, INC.**

**Name of System:**    **SAME AS ABOVE**

**ADEQ Public Water System Number:**    **09027/09049**

## **WATER COMPANY PLANT DESCRIPTION**

### **WELLS**

<b>ADWR ID Number*</b>	<b>Pump Horsepower</b>	<b>Pump Yield (gpm)</b>	<b>Casing Depth (Feet)</b>	<b>Casing Diameter (Inches)</b>	<b>Meter Size (inches)</b>	<b>Year Drilled</b>
55-603156	10	58	538	8	2	1964
55-506606	5	31	440	6	2	1983

\*    Arizona Department of Water Resources Identification Number

### **OTHER WATER SOURCES**

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>
N/A		

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>
2	7	1	N/A

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>
100,000	1	10,000	1
25,000	1	3,000	1

***Note: If you are filing for more than one system, please provide separate sheets for each system.***

<b>COMPANY NAME</b>	<b>WATCO, INC.</b>		
<b>Name of System:</b>	<b>SAME AS ABOVE</b>	<b>ADEQ Public Water System Number:</b>	<b>09091</b>

## **WATER COMPANY PLANT DESCRIPTION**

### **WELLS**

<b>ADWR ID Number*</b>	<b>Pump Horsepower</b>	<b>Pump Yield (gpm)</b>	<b>Casing Depth (Feet)</b>	<b>Casing Diameter (Inches)</b>	<b>Meter Size (inches)</b>	<b>Year Drilled</b>
55-901337	20	200	465	8		2004

\* Arizona Department of Water Resources Identification Number

### **OTHER WATER SOURCES**

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>
N/A		

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>
30	1	22	N/A
7.5	2		

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>
120,000	1	5,000	1

***Note: If you are filing for more than one system, please provide separate sheets for each system.***

**COMPANY NAME**    **WATCO, INC.**

**Name of System:**    **SAME AS ABOVE**

**ADEQ Public Water System Number:**    **09027/09049**

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4	AC & PVC	33,872
5		
6	PVC	9,206
8	PVC	1,700
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	334
3/4	
1	
1 1/2	
2	1
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

**For the following three items, list the utility owned assets in each category for each system.**

**TREATMENT EQUIPMENT:**

N/A

**STRUCTURES:**

12' X 30' BUILDING

20' X 20' BUILDING

**OTHER:**

N/A

***Note: If you are filing for more than one system, please provide separate sheets for each system.***

<b>COMPANY NAME</b> WATCO, INC.	
<b>Name of System:</b> SAME AS ABOVE	<b>ADEQ Public Water System Number:</b> 09091

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PVC	1,494
8	PVC	13,030
10		
12	PVC	1,427

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	5
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

**For the following three items, list the utility owned assets in each category for each system.**

TREATMENT EQUIPMENT:

N/A

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STRUCTURES:

18' X 24' BUILDING

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OTHER:

N/A

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***Note: If you are filing for more than one system, please provide separate sheets for each system.***

<b>COMPANY NAME: WATCO, INC.</b>		
<b>Name of System: SAME AS ABOVE</b>	<b>ADEQ Public Water System Number: 09027</b>	

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2009**

<b>MONTH</b>	<b>NUMBER OF CUSTOMERS</b>	<b>GALLONS SOLD (Thousands)</b>	<b>GALLONS PUMPED (Thousands)</b>	<b>GALLONS PURCHASED (Thousands)</b>
<b>JANUARY</b>	279	1216840	1296000	0
<b>FEBRUARY</b>	274	1023210	1117000	0
<b>MARCH</b>	274	935060	1095900	0
<b>APRIL</b>	274	876200	1010000	0
<b>MAY</b>	272	1139200	1302300	0
<b>JUNE</b>	272	1433110	1722400	0
<b>JULY</b>	271	1784230	1835200	0
<b>AUGUST</b>	271	1553650	1607500	0
<b>SEPTEMBER</b>	272	1416210	1431000	0
<b>OCTOBER</b>	272	1106100	1238000	0
<b>NOVEMBER</b>	265	976810	1075000	0
<b>DECEMBER</b>	263	1070630	1120100	0
<b>TOTALS →</b>		<b>14531250</b>	15850400	0

What is the level of arsenic for each well on your system? <.001 mg/l

*(If more than one well, please list each separately.)*

If system has fire hydrants, what is the fire flow requirement? N/A GPM for N/A hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

☐ Yes                      ☒ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☐ Yes                      ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes                      ☒ No

If yes, provide the GPCPD amount: N/A

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

COMPANY NAME: WATCO, INC.		
Name of System: SAME AS ABOVE	ADEQ Public Water System Number: 09049	

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2009**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	30	124830	135700	0
FEBRUARY	30	99020	110000	0
MARCH	30	119990	127200	0
APRIL	30	114000	99900	0
MAY	30	163830	146400	0
JUNE	30	166800	150100	0
JULY	30	207910	193300	0
AUGUST	30	174700	160900	0
SEPTEMBER	30	208560	205300	0
OCTOBER	29	164820	181100	0
NOVEMBER	30	134810	148700	0
DECEMBER	30	143070	152700	0
<b>TOTALS →</b>		<b>1822340</b>	1811300	0

What is the level of arsenic for each well on your system? <.001 mg/l  
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for N/A hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
( ) Yes ( X ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
( ) Yes ( X ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
( ) Yes ( X ) No

If yes, provide the GPCPD amount: N/A

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

<b>COMPANY NAME: WATCO, INC.</b>		
<b>Name of System: SAME AS ABOVE</b>	<b>ADEQ Public Water System Number: 09091'</b>	

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2009**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	5	6630	0	0
FEBRUARY	5	6860	0	0
MARCH	5	17530	37000	0
APRIL	5	43060	75000	0
MAY	5	60810	40000	0
JUNE	5	40820	70000	0
JULY	5	83390	85000	0
AUGUST	5	55270	57000	0
SEPTEMBER	5	69400	69000	0
OCTOBER	5	45240	47000	0
NOVEMBER	5	31790	22000	0
DECEMBER	5	16460	21000	0
<b>TOTALS →</b>		<b>477260</b>	<b>523000</b>	<b>0</b>

What is the level of arsenic for each well on your system? <.002 mg/l  
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? \_\_\_\_\_ GPM for \_\_\_\_\_ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
( ) Yes ( X ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
( ) Yes ( X ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
( ) Yes ( X ) No

If yes, provide the GPCPD amount: N/A

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***



<b>COMPANY NAME: WATCO, INC.</b>			
<b>Name of System:</b>	<b>SAME AS ABOVE</b>	<b>ADEQ Public Water System Number:</b>	<b>09027/09049/09091</b>

**UTILITY SHUTOFFS / DISCONNECTS**

<b>MONTH</b>	<b>Termination without Notice R14-2-410.B</b>	<b>Termination with Notice R14-2-410.C</b>	<b>OTHER</b>
<b>JANUARY</b>	0	0	0
<b>FEBRUARY</b>	0	0	0
<b>MARCH</b>	0	0	0
<b>APRIL</b>	0	0	0
<b>MAY</b>	0	0	0
<b>JUNE</b>	1	0	0
<b>JULY</b>	0	7	0
<b>AUGUST</b>	0	0	0
<b>SEPTEMBER</b>	0	0	0
<b>OCTOBER</b>	0	0	0
<b>NOVEMBER</b>	0	0	0
<b>DECEMBER</b>	0	0	0
<b>TOTALS →</b>	<b>1</b>	<b>7</b>	<b>0</b>

OTHER (description):

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COMPANY NAME WATCO, INC. YEAR ENDING 12/31/2009

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2009 was: \$ 3,225.82

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. N/A

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**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

RECEIVED  
APR 22 2010  
TOLSON  
FBI  
U.S. DEPT. OF JUSTICE

**VERIFICATION**

STATE OF \_\_\_\_\_  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <b>NAVAJO</b>	
NAME (OWNER OR OFFICIAL) TITLE <b>THOMAS E. GRAPP</b>	<b>GENERAL MANAGER</b>
COMPANY NAME <b>WATCO, INC.</b>	

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

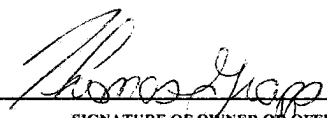
MONTH	DAY	YEAR
12	31	2009

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

**I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL

\_\_\_\_\_  
TELEPHONE NUMBER

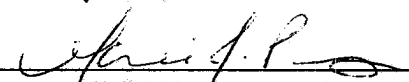
**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

THIS 21 DAY OF  
**MANDI J. PERKINS**  
Notary Public, State of Arizona  
Navajo County  
My Commission Expires  
September 25, 2010

**MY COMMISSION EXPIRES** 9/25/10

COUNTY NAME <b>NAVAJO</b>	
MONTH <b>APR. 1</b>	<b>20 10</b>

  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

**YEAR ENDING 12/31/2009**

## INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>0</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	0
Estimated or Actual State Tax Liability	0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

## CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

**SIGNATURE**

4-21-15  
DATE

THOMAS GRAPP  
PRINTED NAME

GENERAL MANAGER  
TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION**

STATE OF \_\_\_\_\_  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	NAVAJO	
NAME (OWNER OR OFFICIAL) TITLE	THOMAS GRAPP	GENERAL MANAGER
COMPANY NAME	WATCO, INC.	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2009

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

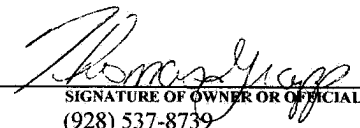
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2009 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 154,965

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 8,728  
IN SALES TAXES BILLED, OR COLLECTED)


**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

  
SIGNATURE OF OWNER OR OFFICIAL  
(928) 537-8739  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

  
MANDI J. PERKINS  
Notary Public, State of Arizona  
Navajo County  
My Commission Expires  
September 25, 2010

DAY OF

COUNTY NAME	NAVAJO	
MONTH	April	2010

  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

9/25/10

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE**  
Intrastate Revenues Only

APR 8 2 2010

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME)	NAVAJO		
NAME (OWNER OR OFFICIAL)	THOMAS GRAPP	TITLE	GENERAL MANAGER
COMPANY NAME	WATCO, INC.		

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2009

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2009 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 154,965

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 8,728

IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

SIGNATURE OF OWNER OR OFFICIAL

(928) 537-8739

TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

21

**DAY OF**

**(SEAL)**



**MY COMMISSION EXPIRES**

9/25/10

NOTARY PUBLIC NAME <u>MANDI J. PERKINS</u>	
COUNTY NAME <u>NAVAJO</u>	
MONTH <u>Apr. 1</u>	<u>2010</u>

X

SIGNATURE OF NOTARY PUBLIC

copy for your records only.  
If your mortgage company makes your property  
tax payments, consider this notice as a courtesy

(ARS 42-18052 and ARS 42-18053)  
May 3, 2010 at 5:00 PM

Penalty for late payment is 16% per year  
pro-rated monthly as of the 1st day of the  
month for payments postmarked after  
Delinquency Date Second Half Payment

Parcel Number: 404-11-999A 8 Roll Number: 0075648  
SILVERWELL SERVICE CORP

Due March 1, 2010

2009 SECOND HALF PAYMENT COUPON

DETACH AND RETURN WITH PAYMENT

Make check payable to:  
Manny Hernandez  
Navajo County Treasurer  
P.O. Box 668  
Holbrook, AZ 86025-0668

## Navajo County

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	2009 TAX SUMMARY	
404-11-999A 8	0546	5.8729	4.3069	0.0000		4.70
<b>ASSESSMENT</b>						
	500	16.0	80	5.8729		4.70
		0.0				.00
	500		80			4.70
	500	16.0	80	4.3069		3.44
		0.0				.00
		0.0				.00
	500		80			3.44
ACREAGE: 0.11					<b>TOTAL TAX DUE</b>	28.40

0075648

SITUS ADDRESS:

LEGAL DESCRIPTION:

SECTION 31, T12N, R22E, CANYON VISTA ESTATES, TRACT D  
PER PLAT 25-21 23 OUT OF 404-11-999 FOR 2007 ROLL.

This is the only notice you will receive.

Manny Hernandez  
Navajo County Treasurer  
P.O. Box 668  
Holbrook, AZ 86025-0668

THIS IS A  
CALENDAR YEAR  
TAX NOTICE

	TAXES	TOTAL
02000 Navajo County	0.45	0.45
02001 County School Equali	0.00	0.26
07005 Snowflake SD #5	3.10	3.76
08150 Northland Jr. Colleg	1.07	0.91
11206 White Mtn. Lakes FD	2.10	2.14
11900 Fire District Assist	0.08	0.08
14900 Navajo County Librar	0.04	0.04
15726 Silver Creek FCD	0.08	0.06
15728 Navajo Co. Flood Con	0.24	0.24
20037 Shumway Road Imp Dis	17.32	20.26
29999 Navajo Cty Pub Healt	0.16	0.16
30000 Northern Arizona VIT	0.04	0.04

**PAID**

CR 2538

10-5-09

WATCO

TOTALS

24.68

28.40

### PAYMENT INSTRUCTIONS

To pay the 1st half installment and full year tax notices of \$100 or less, send the 1st half coupon with your payment postmarked no later than Nov 2, 2009. To pay 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 3, 2010. To pay taxes for the full year if the entire amount billed exceeds \$100, send the 1st half coupon with your payment postmarked no later than Dec 31, 2009, and no interest will be charged for the current year.

Make your check payable to and mail to:  
Manny Hernandez  
Navajo County Treasurer  
P.O. Box 668  
Holbrook, AZ 86025-0668

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK  
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS

PLEASE INCLUDE YOUR  
PARCEL NUMBER  
ON YOUR CHECK

404-11-999A 8

090908 09 R A0021 01279



SILVERWELL SERVICE CORP  
C/O MARK GRAPP/ WATCO INC.  
PO BOX 1270  
SHOW LOW, AZ 859021270

Make your check payable to and mail to:  
Manny Hernandez  
Navajo County Treasurer  
P.O. Box 668  
Holbrook, AZ 86025-0668



Manny Hernandez  
Navajo County Treasurer  
P.O. Box 668  
Holbrook, AZ 86025-0668

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 104

\_\_\_\_\_

If your mortgage company makes your property tax payments, consider this notice as a courtesy copy for your records only.

MAY 3, 2010 at 3:00 PM  
(ARS 42-18052 and ARS 42-18053)

**Delinquency Date** Second Half Payment  
Penalty for late payment is 16% per year  
prorated monthly as of the 1st day of the  
month for payments postmarked after  
May 3, 2018 at 5:00 PM

**SILVER WELL SERVICE CORP DBA WATCO**  
Parcel Number: 926-81-008 0 Roll Number: 0085540

**Due March 1, 2010**

2009 SECOND HALF PAYMENT COUPON

DETACH AND RETURN WITH PAYMENT

Make check payable to: \_\_\_\_\_  
 Payment in U.S. FUNDS ONLY

## Navajo County

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	2009 TAX SUMMARY	
926-81-008 0	1008	5.5795	1.7085	0.0000	PROPERTY TAXES	1,779.87
<b>ASSESSMENT</b>					LESS STATE AND FEDERAL TAXES	0.00
	5,997	22.0	1,121	5.5795	62.55	
	139,903	22.0	30,779	5.5795	1,717.32	
	145,000		31,900		1,779.87	
		0.0	627	1.7085	8.90	
		0.0	494	1.7085	7.01	
	139,903	22.0	30,779	1.4085	436.76	
	139,903		31,900		452.67	
					<b>TOTAL TAX DUE</b>	<b>2,232.54</b>

0085540

SITUS ADDRESS:

**LEGAL DESCRIPTION:**

TOTAL VALUE OF OPERATING PROPERTY 204-27-028 2 850

02000	Navajo County	189.93	178.46
02001	County School Equali	0.00	105.46
07010	Show Low SD #10	1,266.46	1,456.71
08150	Northland Jr. Colleg	440.14	362.13
11900	Fire District Assist	32.89	31.90
14900	Navajo County Librar	16.44	15.95
15728	Navajo Co. Flood Con	3.50	3.36
29999	Navajo Cty Pub Healt	64.56	62.62
30000	Northern Arizona VIT	16.44	15.95

**This is the only notice you will receive.**

Manny Hernandez  
Navajo County Treasurer  
P.O. Box 668  
Holbrook, AZ 86025-0668

THIS IS A  
CALENDAR YEAR  
TAX NOTICE

**926-81-008 0**

090908 09 R A0024 00967

[illegible]

SILVER WELL SERVICE CORP DBA WATCO  
MARK GRAPP/GEN MGR  
P O BOX 1270  
SHOW LOW, AZ 859020000

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK  
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS

PLEASE INCLUDE YOUR  
PARCEL NUMBER  
ON YOUR CHECK

Make your check payable to and mail to:  
Manny Hernandez  
Navajo County Treasurer  
P.O. Box 668  
Holbrook, AZ 86025-0668

**PAID**  
OK 2536 water  
10-5-09  
js.

TOTALS

2,030.36

2,232.54

## PAYMENT INSTRUCTIONS

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